

Tax Tip
Week of December 22, 2008

Christmas Gifts

CRA's current policy excludes from income gifts that were given for special events such as Christmas, Hanukkah and birthdays or for recognizing certain employee accomplishments such as a service awards, meeting safety standards or submitting innovative ideas. In order to be non-taxable, the gift must meet the following criteria:

- maximum of two gifts per year
- the cost to the employer cannot exceed \$500
- the policy does not apply to shareholders or their relatives
- the gift cannot be interpreted as a disguised form of remuneration
- the gift cannot be cash or "near cash"

CRA interprets "near cash" to include gift certificates.